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UNCLAS SECTION 01 OF 02 YEREVAN 001411

SIPDIS

DEPT. FOR EUR/CACEN; PMR

SENSITIVE

E.O. 12958: N/A

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SUBJECT: PRESIDENTIAL DECREE PUTS GOAM ON THE HUNT FOR

REFUGEE MONEY

1. (U) Sensitive but unclassified. Please protect accordingly.

SUMMARY

2. (SBU) President Kocharian signed a decree June 1, stating the GOAM's intent to free five million dollars from the GOAM budget over the next two years for refugee housing assistance and authorizing the Department of Refugees and Migration (DRM) to seek an additional thirteen million in funding from international donors. The decree does not allocate money from specific accounts in the budget, but only declares the GOAM's intent to find it. Embassy contacts from the international donor community expressed some skepticism regarding the initiative's intent and eventual effectiveness. The decree and reaction illustrate an uneasy relationship between DRM and many international donors. End Summary.

DECREE AND IMPLEMENTATION

3. (SBU) President Kocharian signed a decree June 1, stating the GOAM's intent to free five million dollars from the GOAM budget over the next two years for refugee housing assistance and authorizes the Department of Refugees and Migration (DRM) to seek an additional thirteen million in funding from international donors. The decree does not reallocate funds within the budget but states GOAM priorities. The GOAM convened an inter-ministerial meeting June 23 to explain the program and discuss the ongoing search for donors. The program would be similar to the USAID Earthquake Zone Recovery Program, which has proven an effective method to house an estimated 7,000 families who were victims of the 1988 earthquake in northern Armenia. Both the USAID and the proposed DRM plan would distribute assistance through the issuance of housing purchase certificates.

DONOR REACTIONS

4. (SBU) A USAID officer who attended the meeting was skeptical about the viability of the proposed program. The absence of adequate oversight of the program and a lack of real estate market information were among the officer's noted concerns. The representative of the Norwegian Refugee Council also expressed skepticism, saying the program does not address the difference in housing costs between Yerevan and the rest of Armenia. According to the office of Population, Refugee, and Migration, 42 percent of Armenian refugees live in the Yerevan area, and the Norwegian Refugee Council representative noted the exceptional difficulty in finding them adequate, affordable housing in the Yerevan area, where many of them are employed.

5. (SBU) United Nations Commissioner for Refugees (UNHCR) Representative Peter Nicolaus reacted strongly to the initiative, saying he believed that DRM proposed the decree specifically to ensure its survival as a bureaucratic entity. According to Nicolaus, international donations for refugee housing make-up the lion's share of DRM's budget. He was particularly frustrated that the initiative might thwart UNHCR's strategy to end its humanitarian refugee assistance programs in Armenia. He explained that UNHCR in Armenia intends to pass its remaining humanitarian funding to the United Nations Development Program to administer through its local economic development efforts. He feared that DRM would insist on separating refugee assistance from other development efforts, keeping UNHCR in its current role as humanitarian donor.

COMMENT

16. (SBU) As illustrated by their reactions, international donor organizations remain skeptical towards DRM and its efforts to aid Armenia's refugees. GOAM officials in the past have reportedly inflated refugee numbers in order to amplify Armenia's refugee burden relative to Azerbaijan in the aftermath of the Nagorno-Karabagh conflict.
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